



Department of Justice

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**TWO WATERJET MANUFACTURERS ABANDON MERGER PLANS FOLLOWING
JUSTICE DEPARTMENT'S SUIT TO CHALLENGE ACQUISITION**

WASHINGTON, D.C. -- Flow International Corp. and Ingersoll-Rand's Waterjet Cutting Systems Division have abandoned plans under which Flow would have purchased Waterjet Cutting Systems, the Department of Justice announced today. Their decision to abandon the acquisition came just one month prior to a court hearing on an Antitrust Division civil suit challenging the acquisition.

The companies are the two dominant manufacturers in the \$34 million waterjet industry and combined would have created a firm that controlled almost 90 percent of all waterjet pump sales in the United States. Waterjet equipment is used to cut everything from poultry and beef to exotic aerospace metals.

The Antitrust Division challenged the acquisition in a complaint filed April 4, 1994, in U.S. District Court in Detroit. The complaint alleged that the merger would result in a dominant waterjet systems manufacturer that would likely raise prices, reduce service and lessen innovation. The parties' decision to abandon the acquisition came after the Division provided detailed

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descriptions of the evidence supporting the case, including statements of numerous witnesses, experts' conclusions and documents, the Department said.

"The parties made their decision to abandon the transaction after a pre-trial hearing and having received a notice of the evidence the government would present at trial. One can assume that their review of our evidence was a significant factor in their decision to walk away from the acquisition," said Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division.

"During the Antitrust Division's investigation of this proposed acquisition, numerous waterjet customers, including companies in the automotive, aerospace, defense and food processing industries, expressed concern that the acquisition could result in higher prices and poorer services," she added.

Bingaman also noted the importance of protecting competition in innovation.

"This case illustrates the importance of protecting the development and improvement of technology so that consumers will have the opportunity to have better quality and lower priced products," she said.

Flow, based in Kent, Washington, and Waterjet, headquartered in Farmington Hills, Michigan, are the only two U.S. producers of ultra-high pressure waterjet pumps and related equipment. Waterjet pumps pressurize water to above 40,000

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pounds per square inch, which is then used in a wide variety of industrial cutting applications. In addition to their important uses in the automotive industry, waterjet cutting systems played a major role in cutting composite structural parts for both the B1-B and B-2 bombers built for the U.S. Air Force. Waterjet cutting is also being used to make composite wing and tail-section parts for the new Boeing 777 commercial airliner.

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